

THE DIRECTOR OF
CENTRAL INTELLIGENCE

Deputy Director for National Foreign Assessment

26 October 1981

NOTE FOR: Chairman, National Intelligence
Council

Harry —

Once again, please let me know if
you wish to see the basic papers men-
tioned in the attached memorandum for the
record.



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Attachment:
As stated

DOE review
completed.

State Dept. review completed

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

Deputy Director for National Foreign Assessment

NFAC 6783-81
26 October 1981

MEMORANDUM FOR THE RECORD

SUBJECT: IG Meeting on Non-Proliferation and Nuclear Cooperation

1. The meeting, held at State on 23 October, was chaired by Principal Deputy Assistant Secretary (OES) Harry Marshall. Its purpose was to discuss proposals for a) strengthening the safeguards system of the International Atomic Energy Agency (IAEA) and b) improving cooperation among nuclear supplier countries for preventing proliferation. The proposals are embodied in lengthy papers prepared in conjunction with following-up certain charges in the President's 16 July 1981 statement on US non-proliferation and peaceful nuclear cooperation.

2. Strengthening IAEA Safeguards.* There is general agreement that additional resources are needed for this purpose, although OMB (J. Nix) stated that the budget for support of the IAEA may be cut as much as 20 percent. DoE (H. Bengelsdorf) said increasing the financing of the IAEA had to be looked at against the background of the increasing politicization of the IAEA. Lewis Dunn, in speaking for Under Secretary R. Kennedy, said that, next to aid to Pakistan, improving the IAEA was the most important area in nonproliferation needing policy attention. He said a paper should be prepared listing ten or so planned improvements for immediate action.

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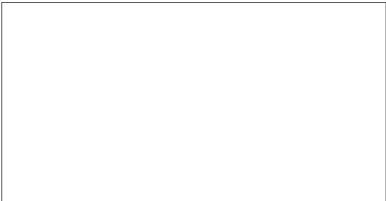
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3. Improving Supplier Cooperation. Mr. Marshall pointed out that an "action plan" was needed. DoE (Bengelsdorf) said additional analysis was needed on the prospects that the US would win greater support for requiring full-scope safeguards (international inspection of all nuclear activities/installations of a country) as a condition for nuclear exports to countries of proliferation concern. Dunn's (and Kennedy's) position is that we should a) try to get agreement from suppliers to cut off assistance to any country found to have violated safeguards, and b) identify steps the US and others should take if a country violates safeguards and/or conducts a nuclear test. Dunn said this approach would put the Administration a step ahead of the Congress in tightening US nonproliferation policy. Norman Terrell (the new Acting Assistant Director of the Bureau of Nuclear and Weapons Control, ACDA) said that this matter should be at the top of the menu for consultations with supplier countries.



Deputy Special Assistant for
Nuclear Proliferation Intelligence



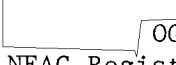
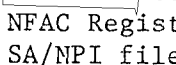
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